

TENNESSEE GENERAL ASSEMBLY  
FISCAL REVIEW COMMITTEE



FISCAL MEMORANDUM

HB 963 – SB 937

February 23, 2016

**SUMMARY OF ORIGINAL BILL:** Creates the *Healthcare Provider Stability Act* (act). Prohibits a health insurer, third-party administrator (TPA), healthcare provider, or other person from effecting a material change to a previously agreed upon rate of payment for which a healthcare provider is paid for providing items or services more than once during a one year period. Requires a TPA or healthcare provider to send written notice of a material change to the other party sixty days prior to the effective date of such change. A healthcare provider or TPA may maintain an individual or class action as the sole remedy to enforce the provisions of the bill. Defines “material change” as a change in fees or payment methodologies that a reasonable person would attach importance to in determining the action to be taken upon the change. Exempts the state, local government, and local education insurance plans, the TennCare program, or any health plan administered by the Division of Health Care Finance and Administration from the provisions of the bill. Also exempts any entity that is subject to delinquency proceedings and for which the Commissioner of the Department of Commerce and Insurance has been appointed receiver or any entity placed under administrative supervision by order of the Commissioner. Applies to all policies, contracts, and health benefit plans issued, delivered, or renewed on or after October 1, 2015.

FISCAL IMPACT OF ORIGINAL BILL:

Increase State Expenditures – Not Significant

Other Fiscal Impact – Any change to the network rates of the carriers contracted with the state employee, local government, and local education health plans could indirectly affect the rates for these plans; the indirect impact of which cannot be reasonably determined.

IMPACT TO COMMERCE OF ORIGINAL BILL:

Other Impact to Commerce - Due to a number of unknown factors, the impact to commerce cannot reasonably be determined.

**SUMMARY OF AMENDMENT (012649):** Deletes all language after the enacting clause. Revises Tenn. Code Ann. § 56-7-1013 (c) to include a requirement that health insurance entities provide notice of any change to a provider’s fee schedule at least 90 days prior to the effective date of the change.

## **FISCAL IMPACT OF BILL WITH PROPOSED AMENDMENT:**

### **NOT SIGNIFICANT**

Assumptions for the bill as amended:

- The provisions of the bill as amended may delay fee schedule changes made by health insurance carriers but will not significantly alter the reimbursement rates paid to providers by health insurance carriers.
- There will not be any significant changes to the payments by the Bureau of TennCare, the CoverKids program, the AccessTN program, or the state employee, local education, and local government health plans.
- Any administrative cost incurred by health insurance carriers will not be significant; therefore, any administrative costs incurred by the health insurance carriers contracting with the Division of Health Care Finance Administration programs or the health plans administered by the Division of Benefits Administration is estimated to be not significant.
- Any fiscal impact to state and local government will not be significant.

## **IMPACT TO COMMERCE WITH PROPOSED AMENDMENT:**

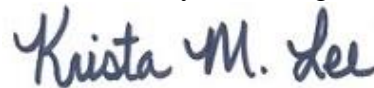
### **NOT SIGNIFICANT**

Assumptions for the bill as amended:

- Any administrative costs incurred by health insurance carriers will not be significant.
- There will not be a significant change in the rates paid to providers by health insurance carriers.
- Any impact to commerce is estimated to be not significant.

## **CERTIFICATION:**

The information contained herein is true and correct to the best of my knowledge.



Krista M. Lee, Executive Director

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